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SIPDIS

STATE FOR JULIA JACOBY

E.O. 12958: N/A
TAGS: [EAID](#) [ECON](#) [PREL](#)
SUBJECT: 2009 LAO CENTRAL GOVERNMENT BUDGET TRANSPARENCY

REF: STATE 28885

11. Information below is in response to reftel questions:

--Yes, the Lao central government is expected to receive U.S. foreign assistance funded using fiscal year 2009 (FY09) funds.

--The Lao Government (GOL) budget, a summary of revenue and expenditure for the current fiscal year, and a projection for the following fiscal year are generally published by the Ministry of Finance (MOF) in March or April. A budget law promulgated in early 2007 sets a 12 month fiscal year from October 1 to September 30th. The GOL publishes the budget in hard copy, which is available for a \$15 fee. It is not yet available via the internet. Quarterly data on revenue and expenditure performance during the fiscal year are provided to the IMF. According to the MOF, all revenues and expenditures are included within the publicly available document. Midyear performance, as well as a detailed presentation on the previous year's budget, is reported by the MOF to the National Assembly in June. Some details on revenue and expenditures are also provided in the Minister of Finance's "Mid-term Review of the Budget" speech.

--The accuracy of the budget is difficult to assess. The central government relies upon provincial and local officials to accurately transmit proper figures. The GOL is working to improve its financial management systems and centralize revenue previously collected by the provinces and then passed to the central government. As the country remains a communist one-party state, with weak central oversight and indications of rising corruption, improving fiscal transparency will be difficult. The authority of the MOF can be countered by a directive from the Politburo or the President's Office, although the close observation of macroeconomic policy by the IMF and World Bank discourages such interventions. The state audit organization was given autonomy from the Prime Minister's office in July 2007 with the passing of a new audit law.

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